

## Message Text

CONFIDENTIAL

PAGE 01 STATE 123383

73

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 L-03 AID-05 CEA-01 SIL-01 SAM-01 SS-15

NSC-05 ITC-01 /092 R

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STR - MBSMITH

COMMERCE - APOLANSKY

LABOR - ESWEENEY

EUR/RPE - RBRESLER

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P 192204Z MAY 76

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

INFO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 123383

E.O. 11652:GDS

TAGS: ETRD, EEC

SUBJECT:PROPOSED US/EEC TEXTILE CONSULTATIONS.

REF: EC 4864 EC 4913 STATE 116287

1. SUMMARY. WASHINGTON AGENCIES ARE HOPEFUL LATEST  
COMMUNITY NOTE REGARDING PROPOSED TEXTILE CONSULTATIONS  
REPRESENTS STEP AWAY FROM LOOMING CONFRONTATION OVER  
ISSUE OF APPLICATION OF PROVISIONS OF ARRANGEMENT  
REGARDING INTERNATIONAL TRADE IN TEXTILES (MFA) WITHIN  
MEMBER STATES. OUR OPTIMISM IS TEMPERED, HOWEVER,  
BY OUR AWARENESS THAT THE NOTE MAKES NO DISTINCTION  
BETWEEN COMMISSION'S VIEWS ON THAT DIFFICULT ISSUE  
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PAGE 02 STATE 123383

AND ITS POSITION ON NATURE OF FORTHCOMING CONSULTATIONS.

ACCORDINGLY, WE ARE WILLING TO MOVE AHEAD WITH CONSULTATIONS AS PROPOSED BUT BELIEVE WE MUST STRENGTHEN COMMUNITY'S AWARENESS OF FORCE OF U.S. POSITION ON MEMBER STATE ISSUE AND THREAT ISSUE POSES TO COURSE OF CONSULTATIONS.

2. MISSION IS REQUESTED TO ADVISE COMMISSION OF U.S. ACCEPTANCE OF PROPOSED VENUE FOR CONSULTATIONS, NOTING THAT U.S. INTENDS MAKE FORMAL REPLY TO NOTING THAT U.S. INTENDS MAKE FORMAL REPLY TO ARGUMENTS CONTAINED IN COMMISSION'S NOTE OF MAY 13 FOLLOWING ARRIVAL OF U.S. DELEGATION. (MISSION IS REQUESTED TO PUT DRAFT NOTE BELOW INTO FINAL FORM BUT NEITHER TO DELIVER NOR TO DISCUSS CONTENTS PRIOR TO ARRIVAL OF U.S. TEAM). MISSION IS ALSO REQUESTED TO BRING COMMISSION UP TO DATE ON U.S. POSITIONS ON (A) APPLICATION OF MFA TO MEMBER STATES, (B) MEMBER STATE PARTICIPATION IN CONSULTATIONS AND (C) WIDER DISCUSSIONS, DRAWING AS MISSION BELIEVES USEFUL ON MATERIAL BELOW.

3. THE FUNDAMENTAL QUESTION OF THE MEANING OF THE COMMUNITY'S ACCESSION TO THE MFA HAS BEEN OPEN SINCE THE COMMUNITY IN ITS NOTICE OF ACCESSION RESERVED THE RIGHT TO APPLY THE PROVISIONS OF THE MFA WITHIN THE EEC MEMBER STATES. THE U.S. POSITION ON ANY PROBLEMS THAT THE STATEMENT MIGHT PRESENT WAS RESERVED AT THE TIME THE ACCESSION STATEMENT WAS SUBMITTED. (SEE GENEVA 3806).

4. THE ISSUE WAS DORMANT UNTIL THE COMMUNITY'S NOTE VERBALE OF APRIL 12 FORMALLY REQUESTED CONSULTATIONS UNDER ARTICLE 3 OF THE MFA IN RESPECT TO ITALY. WASHINGTON AGENCIES ARE UNAWARE OF THE COMMUNITY'S REASONS FOR INTRODUCING THIS ISSUE INTO ITS TEXTILE RELATIONSHIP WITH THE U.S. THE COMMUNITY CLAIM OF DISRUPTION IN THE ITALIAN TEXTILE MARKET APPEARS MERETRICIOUS IF NOT SPURIOUS, AND THE U.S. HAD INFORMALLY ADVISED THE COMMISSION OF THE POSITION THE U.S. WOULD BE FORCED TO TAKE IF THE COMMUNITY

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 123383

WERE TO SEEK TO APPLY THE MFA'S PROVISIONS IN RESPECT TO COMMUNITY MEMBER STATES.

5. THE COMMISSION'S INSISTENCE UPON CHARACTERIZING ITS REQUESTS FOR CONSULTATIONS AS A REQUEST UNDER ARTICLE 3 OF THE MFA IS ALL THE MORE DIFFICULT TO COMPREHEND IN VIEW OF THE SIGNIFICANCE A US-EEC CONFRONTATION ON THIS ISSUE HAS FOR THE FUTURE OF

THE MFA. WASHINGTON AGENCIES HAVE LONG ASSUMED THAT AN EXPOSURE OF THE BASIC CONTRADICTION IN THE COMMUNITY'S ACCESSION TO THE MFA WOULD THREATEN THE COMMUNITY'S RELATIONSHIP WITH THE MFA, A RESULT US IS ANXIOUS TO AVOID.

6. A DESIRE TO AVOID U.S. - EEC CONFRONTATIONS ON THE MEMBER STATE ISSUE HAS UNDERLAID U.S. EFFORTS TO RESPOND PRAGMATICALLY TO THE EEC'S EXPRESSIONS OF CONCERN ABOUT DISRUPTION IN THE ITALIAN MARKET FOR COTTON FABRICS. THE U.S. BELIEVED AND CONTINUES TO BELIEVE THAT THE ONLY WAY TO AVOID A CONFRONTATION IS FOR THE TWO PARTIES TO CONSULT ON THE ITALIAN PROBLEMS WITHOUT INTRODUCING THE ISSUE OF APPLICATION OF THE MFA WITHIN MEMBER STATES.

7. THE U.S. CONTINUES TO SEEK A CONSTRUCTIVE DISPOSITION OF THE PROBLEMS CREATED BY THE COMMUNITY'S CITATION OF ARTICLE 3 OF THE MFA IN ITS CONSULTATIONS REQUEST. HOWEVER, WASHINGTON AGENCIES CANNOT ESCAPE THE REALITY THAT A PRAGMATIC APPROACH ON THE PART OF THE U.S. ALONE WILL NOT BE SUFFICIENT. THE COMMUNITY WILL HAVE TO DO ITS SHARE OF ACCOMODATION IF IT WANTS TO AVOID CONFRONTATION.

8. U.S. ABILITY TO MAINTAIN A CONSTRUCTIVE APPROACH WILL DEPEND ENTIRELY UPON COMMUNITY'S ABILITY TO AVOID DURING AND AFTER PROPOSED CONSULTATIONS ANY CONNECTION BETWEEN ARTICLE 3 OF MFA AND CONSULTATIONS. ANY INTENTION BY COMMUNITY TO REPRESENT PROPOSED CONSULTATIONS AS ARTICLE 3 CONSULTATIONS IN ANY SENSE TO ANY PARTY, INCLUDING COMMUNITY MEMBER STATES, GATT TEXTILE COMMITTEE, CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 123383

OR TEXTILE SURVEILLANCE BODY WOULD BE INCONSISTENT WITH BASIS FOR U.S. PARTICIPATION IN CONSULTATIONS AND WOULD, IF EXPRESSED, COMPEL U.S. TO TAKE WHATEVER ACTIONS WOULD BE NECESSARY TO PROTECT ITS POSITION ON THE MEMBER STATE ISSUE.

9. THE UNITED STATES IS PRIMARILY CONCERNED ABOUT THE PRACTICAL EFFECT OF MEMBER STATE PARTICIPATION ON CONSULTATIONS. IN U.S. EXPERIENCE CONSULTATIONS LIMITED TO OFFICIALS DIRECTLY RESPONSIBLE FOR POLICY ARE MORE PRODUCTIVE THAN CONSULTATIONS FEATURING OBSERVER PARTICIPATION. U.S. VIEW MAY BE COLORED BY PERSISTENCE USG POSITION OF RESISTING REPEATED INDUSTRY DEMANDS FOR OBSERVER STATUS DURING TEXTILE NEGOTIATIONS AND CONSULTATIONS.

IN ANY EVENT, U.S. RECOGNIZES EXIGENCIES OF  
PARTICIPANTS CANNOT BE IGNORED AND ACCORDINGLY,  
BELIEVES SOME KIND OF OBSERVER STATUS FOR MEMBER  
STATES CAN BE WORKED OUT IF ALL OTHER OBSTACLES

TO CONSULTATIONS ARE OVERCOME.

10. WASHINGTON AGENCIES APPRECIATE MISSION'S LATEST  
REPORT ON "WIDER DISCUSSIONS" ISSUE AND WELCOME  
MEYNELL'S INDICATIONS THAT COMMUNITY WILL NOT  
PURSUE THIS ISSUE. U.S. DELEGATION WILL NOT HAVE  
MANDATE TO ENGAGE IN DISCUSSIONS ON THIS ISSUE  
AND WOULD NOT BE ABLE TO PARTICIPATE IN ANY  
DISCUSSIONS INITIATED BY COMMUNITY.

11. DRAFT NOTE FOLLOWS:

COMPLIMENTARY OPENING --

"THE UNITED STATES DRAWS THE ATTENTION OF THE  
COMMUNITY TO THE RESERVATION OF THE U.S., EXPRESSED  
BEFORE THE TEXTILE COMMITTEE ON MARCH 28, 1974,  
WITH REGARD TO ANY PROBLEMS WHICH THE TEXTS OF  
ACCEPTANCES OF THE ARRANGEMENT MIGHT SUGGEST

(GATT/COM/TEX 2 OF APRIL 30, 1974). THEREFORE,  
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PAGE 05 STATE 123383

WHILE AGREEING TO CONSULTATIONS CONCERNING ALLEGED  
DISRUPTION OF THE ITALIAN MARKET BY U.S. EXPORTS  
FOR COTTON CLOTH WITHIN C.C.T. 55.09, THE U.S.  
ASSUMES THE FORTHCOMING CONSULTATIONS WILL PROCEED  
ON THE BASIS OF NEITHER IMPAIRING NOR PREJUDICING  
ANY POSITION EITHER PARTY HAS OR MAY ADOPT  
REGARDING THE CIRCUMSTANCES UNDER WHICH THE  
PROVISIONS OF THE ARRANGEMENT REGARDING INTERNATIONAL  
TRADE IN TEXTILES MAY BE APPLIED."

COMPLIMENTARY CLOSE. ROBINSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, TEXTILES, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 MAY 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** ETRD, US, EEC  
**To:** EC BRUSSELS  
**Type:** TE  
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